

Constructs Influencing Satisfaction: A Comparative Analysis of Life Insurance Schemes Providers

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ABSTRACT

The purpose of this study is to compare various policies / plans of insurance scheme providers and to find out variables contributing to satisfaction of life insurance scheme providers. The multiple regression analysis was applied to study about the relationship between selection criteria, awareness, quality of service and customer satisfaction of the two insurance companies. 200 samples were collected through a structured questionnaire. The findings of this study reveal that customers of life insurance corporation (LIC) of India are satisfied with their returns, criteria for selection and quality of service. The Reliance Life insurance customers reveal that returns are the only criteria to which they are satisfied among all other attributes. Further, most of the insured customers are not aware about the retirement policy, hence the policy providers should create awareness of various policies through marketing campaigns.

Keywords: Quality of Service, Life Insurance schemes, Life Insurance Corporation, Reliance General Insurance.

1. INTRODUCTION

In 1956, nationalization of insurance business was a major milestone in the development of the insurance business in India by taking 245 private insurers' business. The Indian insurance market was thrown open to private players in the year 1999 and the Insurance Regulatory and Development Authority (IRDA) were established to regulate the insurance market. After its opening, the insurance sector has the entry of a number of private players who captured a significant market share in the life insurance market. The public sector companies have to leverage upon their strengths to give a tough fight to the private sector players.

Raman, N and Gayathri, C. (2006) acknowledge the customers that they are now thinking that the insurance policies gives them complete financial solutions offering balanced returns with total security. Companies have developed and introduced innovative products to meet out consumer demands. Thus the Understanding about the customer in a better manner will enable the company to design apt products and determine cost correctly which will result in increase profitability.

A study conducted by Keerthi, P. and Vijayalakshmi, R. (2009) reveals that the policyholders' expectations are well met in the case of certain factors reacting to service quality. But in the case of other variables, there exists a significant gap which means that policyholders have experienced low levels of service as against their expectations. If all the players in the Life insurance industry focus on the effective delivery of services, they can win the hearts of customers and anticipate their increased market share

Raju, S. and Gurupandi, M. (2009) In their study helped to the policyholders, in finding the perspective towards the services of Life Insurance Company. Hence the prospective customers, who propose to buy the insurance products and avail of the services of an insurance company for the first time, can get benefited by the best service provider. Selvavinayagam, K. and Mathivanan, R. (2010) acknowledged the competitive attitude in the insurance market. It has changed seriously over the past years. At that time, changes have been taking place in government rules, regulations and technology. The policyholder's expectations have changed. The insurance companies which introduce new products in insurance had an aggressive advantage in the product life of insurance companies.

Ramanathan, K.V. (2011) study has resulted in the development of a positive and valid awareness towards insurance industry. A six dimensional hierarchal structure helps to measure the service quality, consist of guarantee, appropriateness, corporate image, personalized financial planning, tangibles and technology dimensions. It is useful to the service managers for allocating resources, by target on important amplitude first. The insurance market success depends upon perspective of social and cultural demand of the target customer. Prakash (2012) observed that consumer awareness is the knowledge that a consumer should have about his/her legal rights and duties. It is a must for a consumer to follow these rights. It is implemented for the protection of the consumer, so that the consumer is not exploited by the seller of the products. Consumer awareness is making the consumer aware of His/ Her rights. The marketing term 'Consumer awareness' means that consumers note or aware of products or services.

Narendar and Sampath (2014) studies tries understand the realization of rights and duties of the people towards life insurance products after the privatization of the insurance organization with special reference to the Indian insurance sector. The study totally concentrates on the individual behavior, attitudes and also creating the awareness on Indian insurance sectors. Rao (2014) says that the financial services sector gained the advantage of liberalization, which led the insurance company to working progressively under aggressive pressures; Therefore the companies are directing their strategies towards increasing customer well-being and honesty through upgraded business quality. With the opening of the insurance industry to private players, the competition has intensified and it has become very difficult for the companies to attract and retain the policyholders. Every company has recognized the need for shifting from a traditional strategy to survive in the market. It is in this context, the process of CRM has been adopted by all private and public sector insurance companies as well. The study aimed to examine and evaluate the various CRM initiatives in life insurance companies and compare the strategies used by public sector LIC with private sector companies.

Viswanathan and Karthi (2014) analyzed the policy holders Satisfaction level, To know the policy holders awareness and skill about particular policies, finding out why they are opting the policy of Life Insurance Corporation of India. They suggest introducing new products of LIC in the market. This has competitive advantage over the other private Insurance organization. Because the private Insurance organizations have some new innovative services to attract the client by offering more gratuity, facilities and gorgeous benefits.

C. Balaji (2015) analyzed Customer awareness and satisfaction of life insurance policyholders with reference to Mayiladuthurai town tried to measure awareness among the urban and rural consumer about the insurance sector and also the various policies involving various premium rates. The study was conducted by examining around 100 sample respondents which revealed that 100% of respondents are aware of the life insurance policies; whereas 87% of the respondents came to know about insurance policies through agents. But it has also come to light that most of the respondents are aware of government insurance company LIC and in the private sector HDFC Standard Life insurance. Finally the research concludes that the penetration level of insurance in India is only 2.3% when compared to 9-15% of the developed nations. So there is a huge market for the Insurance products in the future in India.

Based on such review of the literature the researchers identified the need to compare the insurance service providers and to measure the attributes leading to the satisfaction of the consumers.

2. OBJECTIVES

1. To compare various policies / plans of insurance scheme providers.
2. To find out variables contributing to satisfaction of life insurance scheme providers.

3. RESEARCH METHODOLOGY

It is the plan for framework for doing the study and collecting the data with the help of research methodology. The study was conducted in Tamilnadu and data was collected through structured questionnaires it has closed ended and open ended questions. The respondents double sampling method was used initially to find if they hold Life Insurance policies from various service providers and conveniently chosen to rate on different policy schemes . The Sample size is 200 respondents.

The questionnaire used was closed end questions . The instrument consisted of 24 items with five point Likert like scale with intensities varying through (G. Rajini 2016)

1. Likert like scale with intensities ranging between Strongly Agree to Strongly Disagree, Excellent to Not Good, Almost All to Very few.
2. Dichotomous scale, Yes / No
3. Multiple choice Scale for collecting demographic details.

Six variables were generated named Satisfaction of LIC schemes(4 items) ,Satisfaction of Reliance life Insurance(4 items) , Returns (4 Items) ,Criteria applied for selecting the schemes(4 items) ,Quality of service provided(4 Items) and Awareness about various plans(4 items).The data collected was through primary and secondary sources(Rajini and M. Krithika, 2016) . The data were analyzed with SPSS 21.0 where multiple Regression analysis, correlation analysis of variance and, reliability test were used in addition to descriptive statistics.

3.1. Sample Characteristics

Demographic characteristics of the respondents are as follows. (Table 1) Gender, male and female were 67% and 33%, respectively. In age distribution, less than 25yrs was 2.5% those in their 25-35 years took up 12.5%, then followed by those in their 36-45 years, 7.5%, those in their 46-55 years , 29%, those in their 55 and above constituted 48.5%. In educational qualification in professional courses took up the largest part of respondents 33.5%, followed by diploma 30.5 % and undergraduates (Arts and Science) 20.5%.

Government employees constituted 29.0 % in categorizing the occupation followed by 19% businessmen. The annual income levels of respondents varied from less than INR 50,000-1,50,000 was 3.5%, INR 1,50,00-2,50,000 was 9.0%, INR 2,50,000–5,00,000 was 37.5%, INR 5,00,000-7,50,000 was 18% above INR 7,50,000 was 32%. Finally, Residence status was Urban 68.5% and rural are 33.5% .Thereby dispersed respondents were covered in the study so the the results could be generalized

Table 3.1
Demographic characteristics of respondents

| <i>Sample Characteristics</i> | <i>Category</i> | <i>Frequency</i> | <i>Percent</i> |
|-------------------------------|--------------------------|------------------|----------------|
| Gender | Male | 132 | 66.0 |
| | Female | 68 | 34.0 |
| Maturity | < 25 yrs | 5 | 2.5 |
| | 25 yrs-35 yrs | 25 | 12.5 |
| | 36 yrs-45 yrs | 15 | 7.5 |
| | 46yrs-55 yrs | 58 | 29.0 |
| | >55 yrs | 97 | 48.5 |
| Qualification | + 2 PUC | 9 | 4.5 |
| | UG(Arts and Science) | 41 | 20.5 |
| | PG | 22 | 11.0 |
| | Diploma | 61 | 30.5 |
| | Professional course | 67 | 33.5 |
| Occupation | Business | 38 | 19.0 |
| | Student | 8 | 4.0 |
| | Professional | 28 | 14.0 |
| | House wife | 34 | 17.0 |
| | Government employee | 58 | 29.0 |
| Annual income | Private employee | 34 | 17.0 |
| | INR 50000 to 1,50,000 | 7 | 3.5 |
| | INR 1,50,000 to 2,25,000 | 18 | 9.0 |
| | INR 2,25,000 to 5,25,000 | 75 | 37.5 |
| | INR 5,25,000 to 7,50,000 | 36 | 18.0 |
| Residence | INR 7,50,000 | 64 | 32.0 |
| | Urban | 133 | 66.5 |
| | Rural | 67 | 33.5 |

There by the respondents covered were from a wide range of demographics so that the result generated has a wide scope.

Table 3.2
Reliability Statistics

| <i>Reliability statistics (Common attributes of life insurance scheme providers)</i> | | |
|---|---|---------------------|
| <i>Cronbach's Alpha</i> | <i>Cronbach's Alpha Based on Standardized Items</i> | <i>No. of Items</i> |
| .820 | .834 | 24 |

Interpretation : Cronbach's Alpha value is 0.820, (Table 3.2) which is good whereby the questionnaire is reliable and the items internally consistent.

Further multiple regression was done to find out the dependent variables contributing significantly on the satisfaction of policy holders. The major players in India from the public sector and private sector were selected to probe in to it. They were LIC and Reliance Life Insurance company ltd.

3.2. Satisfaction of Policy Holders on Life Insurance Corporation

The author used multiple regression model (Rajini.G. 2011) to find the combination of the effects of the independent variables (Returns X_1 , Criteria selection X_2 ; Quality of service provided by life insurance company X_3 , Awareness about plans offered by insurance company X_4) against the dependent variable (Satisfaction of Life Insurance Corporation).

$$Y_1 = C_1 + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4$$

The regression was tested by using T-test and the coefficient was used to compare as well as determine the percentage of variation that exist in the dependent variable. F –value was used to know the significance of the F distribution.

H0: Satisfaction on LIC does not depend on the returns, criteria for selection, quality of service provided by Life Insurance Company and Awareness about plans offered by insurance companies.

Table 3.3
Model Summary

| <i>Model</i> | <i>R</i> | <i>R²</i> | <i>Adjusted R square</i> | <i>Std .Error of the Estimate</i> |
|--------------|-------------------|----------------------|--------------------------|-----------------------------------|
| 1 | .810 ^a | .656 | .641 | 3.42850 |

The model depicts that satisfaction of LIC depends on returns, criteria for selection. Quality of service provided by the life insurance Company, awareness about plans offered by insurance. From the Table, it was found that the significance value was 0.00, which is < 0.05; hence the regression is a good model.

Table 3.4
ANOVA

| | <i>Model</i> | <i>Sum Of Squares</i> | <i>Df</i> | <i>Square of Mean</i> | <i>F</i> | <i>Sig</i> |
|----|--------------|-----------------------|-----------|-----------------------|----------|------------|
| 1. | Regression | 2129.269 | 4 | 532.317 | 45.286 | .000 |
| | Residual | 1116.691 | 95 | 11.755 | | |
| | Total | 3245.960 | 99 | | | |

(a) Predictors: (constant), Returns, Awareness about plans offered by insurance companies, Criteria for Selection, Quality of service provided by Life Insurance company.

(b) Dependent variable: Satisfaction of LIC services.

Table 3.5
Coefficient

| <i>Model</i> | <i>Un standardized co efficient</i> | | <i>Standardized coefficients</i> | | |
|---|-------------------------------------|-------------------|----------------------------------|----------|-------------|
| | <i>B</i> | <i>Std. Error</i> | <i>Beta</i> | <i>T</i> | <i>Sig.</i> |
| (Constant) | -1.546 | 2.036 | | -.759 | .449 |
| Quality of service Provided by life insurance company | .768 | .343 | .186 | 2.242 | .027 |
| Awareness about plans offered by insurance company | -.468 | .319 | -.108 | -1.464 | .146 |
| Criteria for selection | .560 | .159 | .280 | 3.526 | .001 |
| Returns | .691 | .121 | .526 | 5.688 | .000 |

Interpretation : The ability of prediction for the model was expressed by value 0.656 which shows 65.6% of variance that exist in the dependent variable is from the independent variables. F- value is 42.286 (Table 3.4)

The beta weight of 0.691 variable 1(Returns), 0.560 variable 2(Criteria for selection), 0.768 variable 3 (Quality of service provided by a life insurance company), -0.468 variable 4 (Awareness about plans offered by insurance), means the value when the other variable was constant, satisfaction on LIC(Endogenous variable) which increases by half SD = 0.526.(Table 3.5) T-test as confirmed that the value, generalized based on the total population (5.688, 3.526, 2.242 and -0.464). The equation derived from the model is stated below where the factor awareness about the plans alone do not significantly contribute to the satisfaction of policy holders.

$$\begin{aligned} \text{Satisfaction of LIC} = & -1.546 + 0.691 (\text{Returns}) \\ & + 0.560(\text{Criteria for Selection}) \\ & + 0.768 (\text{Quality of service provided by LIC}) \\ & - .468 (\text{Awareness about plans offered by insurance companies}) \end{aligned}$$

3.3. Satisfaction of Policy Holders on Reliance Life Insurance Compnay LTD

The author used multiple regression model again (Rajini.G. 2011) to find the combination of the effects of the independent variables (Returns X_1 , Criteria selection X_2 , Quality of service provided by life insurance company X_3 , Awareness about plans offered by insurance company X_4) against the dependent variable (Satisfaction of Reliance Life Insurance Company Ltd).

$$Y_{1a} = C_{1a} + b_{a1}X_1 + b_{2a}X_2 + b_{3a}X_3 + b_{4a}X_4$$

The regression was tested by using T-test and the coefficient was used to compare as well as determine the percentage of variation that exist in the dependent variable. F –value was used to know the significance of the F distribution.

H0a: Satisfaction on Reliance life insurance company does not depend on the returns, criteria for selection, quality of service provided by Life Insurance Company and Awareness about plans offered by insurance companies.

Table 3.6
Model summary

| <i>Model</i> | <i>R</i> | <i>R2</i> | <i>Adjusted R Square</i> | <i>Std. Error of the Estimate</i> |
|--------------|----------|-----------|--------------------------|-----------------------------------|
| 1 | .712a | .507 | .425 | 1.93280 |

From the Table 3.6 it was found that the significance value was 0.00, which is <0.05, hence the regression is a good model.

Table 3.7
ANOVA-2

| | <i>Model</i> | <i>Sum Of Square</i> | <i>Df</i> | <i>Square of Mean</i> | <i>F</i> | <i>Sig.</i> |
|----|--------------|----------------------|-----------|-----------------------|----------|-------------|
| 1. | Regression | 92.205 | 4 | 23.051 | 6.171 | .001 |
| | Residual | 89.657 | 24 | 3.736 | | |
| | Total | 181.862 | 28 | | | |

(a) Predictors: (constant), Returns, Quality of Service, provided By Life Insurance Company, Awareness about plans offered by insurance companies, Criteria for Selection.

(b) Dependent variable: Satisfaction of Reliance Life Insurance Company

The regression was tested by using T-test and the coefficient was used to compare as well as determine the percentage of variation that exist in the dependent variable. F –value was used to know the significance of the F distribution. The ability of prediction of the model (Table 3.6) was expressed by value 0.425 which shows 42.5% of the variance of from the independent variable. F- value is 6.171 (Table 3.7)

The beta weight (Table 3.8) of 0.33 variable 1 (Quality of service provided by a life insurance company), 0.312 variable 2 (Awareness about plans offered by insurance), 0.664 variable 3 (Return), – 0.193 variable 4 (Criteria for selection) means the value when the other variable was constant, satisfaction on Reliance Life Insurance company (Endogenous variable) which increases by half SD = 0.507. T-test as confirmed that the value, generalized based on the total population (0.193, 1.877, 2.528 and –0.727).

Table 3.8
Coefficient

| <i>Model</i> | <i>Standardized coefficients</i> | | | | |
|---|----------------------------------|-------------------|-------------|----------|-------------|
| | <i>B</i> | <i>Std. Error</i> | <i>Beta</i> | <i>T</i> | <i>Sig.</i> |
| (Constant) | 3.773 | 2.705 | | 1.395 | .176 |
| Quality of service Provided by life insurance company | .066 | .338 | .033 | .194 | .848 |
| Awareness about plans offered by insurance company | .709 | .378 | .312 | 1.877 | .073 |
| Criteria for selection | -.177 | .244 | -.193 | -.727 | .474 |
| Returns | .465 | .184 | .664 | 2.528 | .018 |

$$\begin{aligned} \text{Satisfaction of Reliance Life Insurance Company} = & 3.773 + 0.465 (\text{Returns}) \\ & + 0.709 (\text{Awareness about plans offered by insurance}) \\ & -.177 (\text{Criteria for selection}) \\ & + 0.066 (\text{Quality of service provided by a life} \\ & \text{insurance company}) \end{aligned}$$

The model depicts that satisfaction of Reliance Life Insurance Company depends on returns alone significantly.

4. CONCLUSION

The positive perception of policyholders as strongly agree regarding the returns in Whole life policy was 32% followed by endowment plan 25%, pension plan 22.5% and money back policy 20.5%. The respondent have awareness about life insurance scheme plans to almost all 15%, many policies was 43.5% which depicted that the promotion and publicity campaigns were effective. While selecting insurance schemes policy holders considered the good will of the company as the major criteria for selection. Most of the policyholders opted excellent 27%, 39.5% very good and 14% average about the quality of services.

The present study clarifies that LIC is dominating still in India and many variables significantly contribute to it. The returns, criteria for selection and the quality of services provided have a cutting edge to it. Whereas policy holders rely only for the returns from the private player Reliance Life insurance company. The private sector life insurance business must identify, formulate, and implement appropriate strategies, including service quality and operational efficiency to meet customer expectation for growth and sustainability of the industry.

As per the present study, this is a challenge to the private players as it has predominance in reliability, assurance and wide network. The LIC is first and the oldest state owned company in life insurance sector. Private players are trying to overcome it by providing accessibility through internet smart phones and high end up-to-date technology, greater degree of tangibility, effective & appealing promotional campaign, online services, more personalized & innovative services, etc. Though life insurance companies may have appropriate strategies they lack effective & appealing promotional campaign. Life insurance companies must collaborate to create insurance awareness and ensure adherence to the professional ethics and practices to reduce the negative perception of insurance that affect customer satisfaction. Marketers can create awareness of life insurance plan through the use of various other channels other than insurance agents. People are not aware about retirement policy so the company should concentrate on developing awareness to retirement policy.

5. ACKNOWLEDGEMENT

We thank T. Asha for collecting the data from policy holders of private and public insurance companies.

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